



The Child at the Center:

Falling Through the Financial
Gaps in the Early Care and
Out-of-School-Time System

Child Care Coordinating Committee Annual Report

December 2001



Washington State Child Care Coordinating Committee

About the Child Care Coordinating Committee

In 1988, the State Legislature established the Child Care Coordinating Committee as an advisory group to the Legislature and state agencies. Its mission is to improve the quality, availability, and affordability of early childhood education and out of school care in Washington State.

The Child Care Coordinating Committee is required to report annually to the Legislature, the Governor, and state agencies with recommendations to improve the system of early childhood and youth care and education. Roughly one-third of the Committee is comprised of state agency representatives. Community representatives and parents make up the the remaining two-thirds of the committee. The full committee and each of the subcommittees are chaired by parents or community representatives.

- **33 members represent various roles in early childhood and youth care and education. Collectively, they represent the diversity of perspectives on issues related to children and youth.**
- 10 subcommittees develop and implement policy recommendations:
 - ***Career Development Subcommittee*** pursues issues related to staff and provider education, compensation, and career mobility.
 - ***Public Policy Subcommittee*** works with the Legislature, the Governor, and other policy makers to promote issues of quality, affordability, and availability.
 - ***Licensing Subcommittee*** works to improve the regulation of child care, early education, and out of school care, promoting the safety and quality of care.



- ***Subsidies Subcommittee*** promotes child care subsidies designed to increase the accessibility of high quality care for low-income families.
- ***Inclusive Child Care*** guides providers and programs on issues related to the inclusion of children with special needs.
- ***Health and Safety Subcommittee*** promotes collaboration with public health agencies and state licensing. It also addresses other issues related to the physical and mental health of children and youth.
- ***Partnership Subcommittee*** works on collaboration with the private sector—corporations, small business, financial institutions, philanthropy, and individuals—to promote family friendly policies and public-private financing of care.
- ***School-Age Care Subcommittee*** focuses on out of school time programs for youth ages 5 to 18.
- ***Systems Subcommittee*** works to improve the early childhood and youth care and education system and increase collaboration among organizations that support providers and programs. The Systems subcommittee initiated the Child Care Coordinating Committee work on financing a comprehensive system.
- ***Family Focus Subcommittee*** discusses affordability of cultural relevancy of early childhood and youth care and education, including other issues related to families.

- **The Division of Child Care and Early Learning, Department of Social and Health Services, staffs the Child Care Coordinating Committee. The views expressed in this report are those solely of the Child Care Coordinating Committee.**
- **To contact committee members for further information, please call Elizabeth Bonbright Thompson (Chair, Public Policy Subcommittee) at the Washington State Child Care Resource & Referral Network at (253) 383-1735, ext. 15.**



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Written by Gretchen Stahr Breunig


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In this report, the Child Care Coordinating Committee (CCCC) urges the Legislature and the Governor to join us as partners in resolving the issue of how we pay for early care and out-of-school-time. In the second year of the 10-year planning process, this report summarizes the work that has been accomplished towards the goal of building a system that meets the developmental needs of children. In addition, we recommend a direction for Legislative and Administrative action.





*This report is dedicated to all the
children at the center of our system.*

I'm Emeleo,
and I'm three and a
half years old. When

mommy goes to work, I go to Anna's place.

Things are really cool there. We read stories, sing
songs and play games. Anna takes us outside, and we
discover all sorts of cool stuff. Yesterday we looked at
a shiny beetle with her magnifying glass. Today she
showed us a picture book with bugs and our beetle

was in it! We have a lot of fun at Anna's

- and mommy says we're learning
a lot, too.

My name is Casey and I am ten years old. I live with my aunt because my mom is in jail. I have trouble learning in school, and sometimes get really angry. Sometimes it seems that nobody much cares about me. This summer I started going to Mrs. C's Center. Mrs. C asked me a bunch of questions and I told her I like trains. When I came back the next day, I was surprised because she had all these train sets laid out. Pretty soon all of the other kids were playing with me. Now I have lots of friends. The other day I went for a bike ride with a friend from school. I took him to Mrs. C's house.



A Decade of Planning and Implementation

The Child Care Coordinating Committee has embarked upon a decade of work to reach the goal of an effective, fully-funded system of child care, early education, and out-of-school-time. Since the previous report^a, key developments have played a role in the CCCC's progress towards creating an implementation plan.

- *Creation of the ESA/ Division of Child Care and Early Learning.* After a review of the administrative structure to support child care subsidies, licensing, programs, and policies, Governor Locke created a new division within the Economic Services Administration of the Department of Social and Health Services. The Division of Child Care and Early Learning houses most child care subsidy programs, licensors and health surveyors, policy initiatives [including Head Start Collaboration, State Training and Registry System (STARS), and the Washington State Career and Wage Ladder Pilot. Combining all these elements of the system within one division removes duplication of efforts, improves communication and sharing of information across systems, and will facilitate the CCCC planning process to implement a fully-funded system.
- *Creating a Map towards a Fully Financed System.* As described in the 2000-2001 report, the CCCC is currently engaged in a planning process to respond to several fundamental questions about the system of child care, early learning, and out-of-school-time:^b
 - what are the outcomes of this system;
 - how can we improve upon these outcomes to make them consistently of higher quality;
 - what are the assets and gaps in the current system; and
 - what specific finance strategies will enable the State of Washington to meet its goal of a fully-financed system.

- To facilitate the initial planning, DSHS contracted with MGT of America, Inc. to conduct an assessment of the strengths and financial resources of the child and youth care system in Washington State. MGT of America, Inc. has drafted an environmental scan, which they will review with the advisory committee and interested stakeholders.
- *CCCC Collaboration with Other State and Local Efforts.* As described in the previous report^c, the State of Washington has several innovative projects currently exploring the feasibility of several finance strategies, including the Northwest Finance Circle (NWFC) in the City of Seattle, which is one of five national sites. The CCCC has been working actively to explore how the state can work collaboratively on these issues.



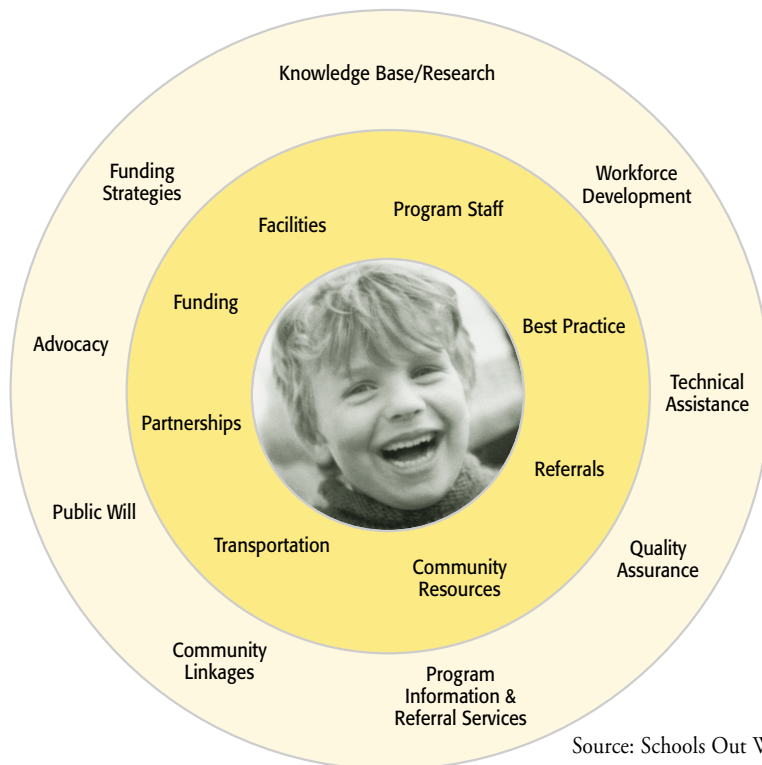
THE CHILD AT THE CENTER:
Anna was eligible for ECEAP and received comprehensive pre-kindergarten services that helped her develop the academic and social-emotional skills she'll need for success in school. ECEAP's family support worker treated our entire family with respect and helped us access other services in our community.

A System of Child Care, Early Learning, and Out-of-School-Time

PROGRAM STAFF: Through this training I learned how to help children understand and respect each other's cultures.

—Out-of-school-time provider who attended a WRAP (Washington Regional Action Project) workshop

In thinking about the programs that serve children and adolescents, visual images of concentric circles explain the interconnection among children, their families, the early care and out-of-school-time programs, and the community. As demonstrated in Figure 1, at the center of the circle is the child, who is part of a consumer family. The children and youth served by the programs in early learning and out-of-school-time range from infancy through middle school, and they spend a range of hours and varying number of days per week in the care of someone other than their parents. The consumer families range from low to high income, with state subsidies available to very low-income families.^d



Source: Schools Out Washington

In the next concentric circle lie the supports for the caregiver who is the teacher for that child or adolescent during child care or out-of-school-time activities. There are several elements needed for an early care or out-of-school-time program to meet the high quality developmental needs of the children.

Program Staff. To respond to children's needs appropriately, caregivers need an educational background in typical and atypical human development, and staff with a Bachelor's degree or higher respond more appropriately to children.^c However, low wages for child care teachers impede a program's ability to attract and retain qualified staff. Experience combined with a solid educational background is the foundation for quality care. In the ideal system as envisioned by the CCCC, caregivers complete degrees in human development or similar fields and earn salaries commensurate with equally educated human services employees.

Best Practice. Currently, professional organizations and universities research and disseminate information on "best practice"-communication skills, cultural relevancy, creative environments, active curriculum, among other elements. In an ideal system, child care teachers demonstrate skills based on this research to meet the range of developmental needs of children and youth.

Referrals. Parents receive referrals to early care and out-of-school-time programs from a variety of personal and professional sources, including community-based Child Care Resource and Referral Programs. In an ideal system, parents simultaneously receive referrals and information about financial aid to pay for care.

Community Resources. In turn, caregivers and programs link families to community-based resources including health care professionals, social services, enrichment activities, and schools, all of which support healthy growth for the whole family. In an ideal system, all child care teachers access these services regularly.

Partnerships. Currently, child care programs receive in-kind support, short term grants, parent fees and donations for facilities, supplies, and staff salaries. In the ideal system, child care teachers have additional financial partners-such as parents' employers, corporations, private foundations, and government.



PROGRAM STAFF: One day my center director told me about a program called TEACH where I could go to college and learn to be an early childhood teacher. It changed my life. I've just completed my first year of college and I know it's made a difference in the way I teach. I am proud of the work I do as the lead teacher in a four-year-old classroom.



TRANSPORTATION: the school district will transport my child via the special education bus, to any licensed child care provider in the district. If I was limited to the providers in my school catchment area, I would not have a successful placement.

—Parent of a child
with special needs

Transportation. Currently, very few child care programs and only some out-of-school-time programs offer transportation to and from school, home, and other professional services. In an ideal system, school districts, public transportation, and early care and out-of-school-time programs would work as partners to transport children before and after school.

Funding. For funding, programs currently rely predominantly on parent fees and government subsidies for low-income families. Ideally, public/private scholarships, endowments, and employer programs would provide direct financial support to early care and out of school programs and create a uniform financial aid for low and middle income families.

Facilities. Currently, child care programs rely upon parents and in-kind donations to bring facilities up to licensing standards. Ideally, additional financial resources would be more available—for example, grants, loans, and community endowments.

The third circle represents the infrastructure, which supports individual child care, early learning, and out-of-school-time programs and refers to many of the elements described above.

Knowledge Base/ Research. Universities and national researchers provide the theoretical base to describe best practice in caring for each child in each developmental stage.

Workforce Development. Child care teachers and counselors can attend courses at colleges and through community based training organizations. Washington STARS requires minimum and annual education of lead staff, and two statewide programs—TEACH Early Childhood™ WASHINGTON and the Career and Wage Ladder Pilot Project — offer wage enhancements or bonuses to child care teachers that pursue higher education. Ideally, these programs would be available to all interested child care teachers.

Technical Assistance. Technical assistance is available from local governments, community-based Child Care Resource and Referral programs, WRAP (Washington Regional Action Project) Specialists (for out-of-school-time programs), DSHS/DCCCEL licensors, and peer review teams for professional accreditation.

Quality Assurance. State licensors of programs for children from infancy to 12 years of age ensure that programs operate at the minimum licensing requirements. A small, but growing percentage of child care, early learning, and out-of-school-time programs have received accreditation from national professional organizations as indicators of their quality of care.

Program Information and Referral Services. Information and referrals come from community-based Child Care Resource and Referral programs, WRAP, and public health nurses. In an ideal system, information on financial aid would be widely available as parents seek child care and other professional support for their children.

Community Linkages. Currently, early care and out-of-school-time programs access various community resources, although the demand for support exceeds the available supply due to financial constraints.

Public Will. Currently, parents of young children understand the importance of early care and out-of-school-time programs to building their children's self-esteem, literacy and math skills, and social skills—all of which are essential to success in early, middle, and higher education. Ideally, the concept of early education and out-of-school-time will be widely understood as a merit good—one that benefits all of society by preventing school failure and crime and is supported by the tax base.

Advocacy. Advocacy organizations like Child Care Works for Washington help to educate parents as wise consumers, and to increase the public will to support healthy development among all children.

Funding Strategies. Funding strategies weave themselves throughout all the above elements. Ideally, the ten-year plan will provide financial support for all these elements.

All the elements of the infrastructure must work together to support individual child care and out-of-school-time child care teachers and programs to meet the needs of the children and youth in their care. While the system has many assets, which are currently being documented and reviewed by the CCCC, we already know of several major gaps. These gaps define the general direction in which the CCCC and other interested parties are heading in a plan for action. We would recommend that the Legislature and Administration join us in planning to address these issues.



TECHNICAL ASSISTANCE AND PARTNERESHIPS: The

response is heart warming and very rewarding as we seek to bring quality care for every child and every family in every corner of the state.

—WRAP (Washington Regional Action Project) Specialist

Critical Gaps in Meeting the Needs of Growing Children

WORKFORCE DEVELOPMENT:

A STARS-approved trainer states that a large majority of child care providers are not adequately trained for their work. However, after going through the 20-hour class, they feel empowered for success instead of overwhelmed and stressed. She believes that staff retention improves if people have this 20-hour training soon after hire.

At every tier of the system—from the child/ family to the infrastructure—financial gaps impact the effectiveness of child care teachers in meeting the developmental needs of the children in their care. These gaps fall under three primary categories: a) Affordability, b) Workforce Development and Retention, and c) Community and Financial Support for the Healthy Growth of Infants through Early Adolescents.

AFFORDABILITY

A recent report published by the Washington Association of Churches outlines the basic monthly budget needed for self-sufficiency in regions of Washington.^f Based on data from the U.S. Department of Housing and Urban Development and local sources, the study identified the annual salary needed by families of various configurations to just meet the basic expenses—housing, food, and child care, among other things—without any savings for emergencies or major purchases. The study found that self-sufficiency requires a family income of \$30,000 to almost \$50,000, depending on the number and age of children and region of the state.^g For comparison, the federal poverty line is \$14,630 for a family of three, and the state child care subsidies are available to families of three with annual incomes up to \$32,917.^h Within this self-sufficiency budget, child care represents a greater percentage of the budget than housing. The study demonstrates the gap existing between federal and state subsidy ceilings and the amount of income a low-income family needs to live in the State of Washington. These families, and even middle-class families, struggle to pay their necessary monthly bills, including the cost of child care.

Exploring the question of affordability, the Northwest Finance Circle (NWFC)—a broad-based collaboration of child care stakeholders—is one of five regional groups comprising the National Finance Circle. The mission of the NWFC is to create a financing system for early learning and out-of-school-time. Its goal is to ensure a range of high-quality, affordable, culturally relevant options

that meet the unique needs of families and children. Using a building blocks approach to systems change, the NWFC, in partnership with DSHS and King County, is testing a uniform financial aid system (Opening Doors) to help parents pay for the true cost of care. This model, aims at increasing affordability for families of varying income levels and merits further review.

Learning from these innovative building blocks, the CCCC continues to develop its 10-year plan with specific financial strategies for families of all incomes for child care, early education, and out-of-school-time. These strategies will 1) maximize the impact of current public and private funding sources (such as Medicaid, local/ state/ federal child care subsidies, small business loans) and 2) identify new sources of public and private funds to partner with parent fees and public subsidies.

In addition, the CCCC will work closely with the Northwest Finance Circle and others to develop an agreed upon set of outcomes for our children and youth. Questions being asked include: What elements of quality do we expect from early care and out-of-school-time? What costs are associated with providing a system that allows children and youth to thrive?ⁱ With defined indicators of quality, data may be generated from computer models currently being developed at the University of Washington. The State of Washington might then have a financial goal to associate with strategies to increase the affordability of the early care and out-of-school-time programs.

WORKFORCE DEVELOPMENT AND RETENTION

As described in the 2000 Annual Report of the Child Care Coordinating Committee, the quality of early care and out-of-school-time suffers from its dependence on parent fees.^j To improve quality and affordability, the link between parent fees (the current price of care) and salaries in early childhood education and youth care must be broken. The actual cost of a high quality program exceeds the market price that families can afford to pay for child care. As a result, programs cannot afford to pay caregivers a living wage on their revenue from parent fees.^k In the State of Washington, the average hourly wage earned by child care teachers in 1998 was \$7.73 per hour which, when adjusted for inflation, has not increased since 1992.^l These wages are well below the self-sufficiency wages described in the Self-Sufficiency Standard.^m These low salaries create high turnover rates among child care teachers-nationally 30 to 37 percent per year.^{n o}



WORKFORCE DEVELOPMENT:

Thank you. I can go back to my program and feel like I am doing something positive for the two children with disabilities who are in my program.

*—Out-of-school-time provider
who attended a WRAP*

*(Washington Regional Action
Project) workshop*



TECHNICAL ASSISTANCE AND PARTNERSHIP: Because of WRAP I was able to learn how to write a grant, and gain the confidence to look for other funding opportunities.

—Out-of-school-time provider

The predominantly low compensation continually challenges the industry's success in recruiting and retaining qualified child care teachers. Several programs aim to address this issue including TEACH Early Childhood™ WASHINGTON, the Career and Wage Ladder Pilot Project, and the Northwest Finance Circle's STEPS to Quality pilot, among others. While these programs have demonstrated success, they serve a small fraction of the eligible population because of financial constraints. In addition, these projects have not resolved the issue of dedicating funding sources from both the public and private sectors to increase revenue to child care teachers. The CCCC will build upon the success stories from these and other efforts in creating specific strategies to increase revenue to programs and ensure standards of quality.

COMMUNITY AND FINANCIAL SUPPORT FOR HEALTHY GROWTH OF INFANTS THROUGH EARLY ADOLESCENTS

In several ways, the infrastructure of governmental and not-for-profit organizations supports the ability of child care teachers to meet the needs of children and youth. However, several financial gaps impede this work at the community level.

- *Promoting and Financially Supporting Best Practice.* While the elements of best practice are well documented, national research demonstrates that programs provide predominantly mediocre care to children and youth. Financial resources are the greatest impediment to our system providing consistently high quality care. However, other barriers include a disjointed higher educational system with few bridges from (a) community based training to (b) community and technical colleges to (c) four-year colleges and universities. In addition, the low wages for child care and out-of-school-time child care teachers are a disincentive for them to pursue Associate's, Bachelor's, and Master's degrees. Many programs currently meet only the minimum needs of licensing support, technical assistance, referrals, training and education, assistance with budgeting and financial planning, and guidance in creating benefits and salary scales for child care teachers.

- *Public Will.* The CCCC is working actively with the Governor on the NGA Moving Public Will grant, the MOST initiative, the Northwest Finance Circle, the Foundation for Early Learning, the Talaris Research Institute and other organizations that are working to increase the public's understanding of the social and economic benefits of child care, early learning, and out-of-school-time care.
- *Funding Streams.* In developing a strategic plan, the CCCC will review the results of innovative pilots in maximizing existing sources of private and public funding, adding new funding sources, and packaging financial support to families — for example, the Northwest Finance Circle's Opening Doors Pilot.



PROGRAM INFORMATION
AND REFERRAL SERVICES:

Mom was worried about keeping her job so she called the resource and referral and found this child care center. now mom hardly ever misses work. Best of all I have new friends, and the teachers here have lots of fun stuff for us to do.

—Steve

Recommendations

To identify a few avenues for further discussion and exploration, the CCCC recommends:

Affordability

1. The Administration and Legislature increase reimbursement of child care costs and expand eligibility for financial assistance to support more working families. We recommend targeted annual increases based on a new benchmark of the true cost of care by region, with the ten-year goal of reaching full reimbursement of the true cost of care.

Workforce Issues

2. The Legislature host a statewide forum to agree upon acceptable outcomes of the system of early care and out-of-school-time, e.g. acceptable standards of quality, which will also determine the true cost of the system of early care and out-of-school-time. This forum would build upon existing work by the Northwest Finance Circle and the Human Services Policy Center at the University of Washington.

3. The Administration—perhaps the Division of Child Care and Early Learning—evaluate the use of existing funds and identify untapped federal and state sources of funding, which could be matched by local funds, towards paying for the true cost of care and education. This work would build upon existing work by the Northwest Finance Circle, School's Out Washington, the Human Services Policy Center at the University of Washington, and MGT of America, Inc. (on behalf of the CCCC).

Community Support of Healthy Growth Among Infants to Early Adolescents

4. The Legislature and Administration allocate funds to support initiatives that increase standards of training, increase child care teachers' salaries, and promote best practice including TEACH Early Childhood™ WASHINGTON, the Washington State Career and Wage Ladder Pilot Project, WRAP, and the NWFC STEPS project.

5. The Legislature join public education campaigns on child care, early learning, and out-of-school-time care, such as the ones being developed by the Foundation for Early Learning.

6. Based on the findings from our recommended statewide forum, the Legislature leverage new public and private funding sources to maximize existing resources.

Conclusion

The Child Care Coordinating Committee is in the second year of a ten-year strategic planning process to develop a comprehensive, fully-funded system of child care, early education, and out-of-school time. We believe that the results of a fully-financed system will include a continuum of educational opportunities for infants to young adults, supporting our youngest citizens during the years of rapid brain growth, and ensuring a healthy economically sound society in the years ahead. We invite you to become a partner in this effort, which will enable the State of Washington to achieve these goals for the children of today and tomorrow.



Endnotes

a Breunig, Gretchen Stahr, “Feeding the Roots of the System: Financing Early Childhood and Youth Care and Education in the State of Washington,” Child Care Coordinating Committee Annual Report to the Legislature, Department of Social and Health Services: Olympia, WA, December 2000. For copies of the full report or Executive Policy Brief, please contact Cecelia Callison at the Division of Child Care and Early Learning at CALLICJ@dshs.wa.gov.

b Ibid.

c Ibid.

d State subsidized child care eligibility is limited to families up to 225% of the Federal Poverty guidelines— about \$44,904 for a family of four.

e Whitebook, M., Phillips, D., and Howe, C., Who Cares? Child Care Teachers and the quality of care in America. Oakland, CA: Child Care Employee Project, 1990.

f Pearce, Diana, with Jennifer Brook, The Self-Sufficiency Standard for Washington State; The Washington Association of Churches, Washington Living Wage Movement, and Washington Self-Sufficiency Standard Committee: Seattle, WA; September 2001.

as reported in the Seattle Times, September 12, 2001 on Page B1 and B5.

g For example, The Self-Sufficiency Standard for Washington State (Pearce, Diana, loc cit) itemized basic expenses for a single parent of an infant and a preschooler. To maintain self-sufficiency (with no public assistance), the family required \$14.10 per hour (\$29,773 per year) in Douglas County. On the Eastside of Seattle, this same family configuration would require \$22.93 per hour (\$48,419 per year). For comparison, full-time minimum wage salary is \$16,726 annually, and the federal poverty line is \$14,630 for a family of three.

h Houtz, Jolayne, “Study Challenges Way Poverty Is Measured: Families May Need More Just to Survive,” Seattle Times, September 12, 2001, pages B1/ B5.

i The NWFC is also testing a tiered reimbursement system (STEPS to Quality) that provides programs financial incentives to reach for higher quality by offering bonuses at each of 4 quality levels as well as mini-grants and assistance with accreditation fees.

j To access a copy of the report, refer to endnote a above.

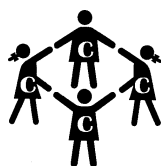
k Gomby, D., et al, “Financing Child Care: Analysis and Recommendations,” The Future of Children, Financing Child Care, Vol. 6, No.2, Summer/ Fall 1996.

l Miller, M.G. and L. Schrager, Licensed Child Care in Washington State: 1998, Olympia, WA: Department of Social and Health Services, Research and Data Analysis, January 2000.

m Pearce, Diana, with Jennifer Brook, The Self-Sufficiency Standard for Washington State; The Washington Association of Churches, Washington Living Wage Movement, and Washington Self-Sufficiency Standard Committee: Seattle, WA; September 2001.

n Whitebook, M., Phillips, D., and Howe, C., Worthy Work, Unlivable Wages: The National Child Care Staffing Study (1989-1997), Washington D.C.: Center for the Child Care Workforce, 1998.

o Helburn, S., ed., Cost, quality, and child outcomes in child care centers: Technical report. Denver, CO: Department of Economics, Center for Research in Economic and Social Policy, University of Colorado, 1995.



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